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8 Attorneys for Plaintiffs and Counter-Defendants
9 SPARKNET HOLDINGS, INC. and
10 SPARKNET COMMUNICATIONS L.P.
11

12 UNITED STATES DISTRICT COURT
13 CENTRAL DISTRICT OF CALIFORNIA
14

15 SPARKNET HOLDINGS, INC., a Nevada
16 corporation, SPARKNET
17 COMMUNICATIONS, L.P., a Nevada
18 partnership,

19 Plaintiffs,

20 v.

21 ROBERT PERRY, an individual, KRIS
22 SWEETON, an individual, INDIE
23 RANCH MEDIA, INC., a Colorado
24 corporation, NETMIX BROADCASTING
25 NETWORK, INC., an unknown entity,
26 and JOHN DOES 1-5;

27 Defendants.
28

Case No.: CV 08-08510 GHK (PLAx)

**PLAINTIFFS' NOTICE OF MOTION
AND MOTION FOR
RECONSIDERATION OF ORDER
ON DISQUALIFICATION**

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT**

Date: August 24, 2009

Time: 9:30 a.m.

Judge: The Honorable George H. King

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on August 24, 2009, at 9:30 a.m., or as soon thereafter as the matter may be heard, in the Courtroom of the Honorable George H. King, located in Courtroom 650 at 255 E. Temple Street, Los Angeles, California, Plaintiffs SparkNet Holdings, Inc. and SparkNet Communications, L.P. (together, “SparkNet”) will, and hereby do, move the Court to reconsider its Order on Disqualification of Derek Newman and the Newman Law Firm.

This motion is made on the grounds that the Ninth Circuit’s opinion of *Christensen v. United States Dist. Court for Cent. Dist.*, 844 F. 2d 694, 698 (9th Cir. 1988) applies to the facts in this case. To wit, *Christensen* provides that the “substantial relationship” test, on which Perry’s Motion to Disqualify was premised and which the Court considered in its Order, does not apply in a situation like this one where joint clients are presumed to know that any information they share with their joint attorney will be shared with the other client such that future disqualification of that attorney would not be proper.

This Motion is based upon this Notice, the supporting Memorandum of Points and Authorities, upon the entire record on file in this action, and upon any other or further papers filed or arguments made in support of the motion at or before the hearing thereon.

This motion was made following the conference of counsel pursuant to Local Rule 7-3, which took place on July 8, 2009.

DATED: July 28, 2009

WILLENKEN WILSON LOH & LIEB LLP

By: /s/ William A. Delgado

William A. Delgado

Attorney for Plaintiffs

SparkNet Holdings, Inc. and SparkNet
Communications, L.P.

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2
3 **I. INTRODUCTION**

4 Plaintiffs SparkNet Holdings, Inc. and SparkNet Communications, L.P. (together
5 “SparkNet”) respectfully request this Court reconsider its June 16, 2009 Order
6 (“Order”) (Dkt. No. 67) granting Defendant Robert Perry’s Motion to Disqualify
7 Counsel (“Motion to Disqualify”) (Dkt. No. 46).

8 This Court disqualified Sparknet’s counsel, Derek A. Newman, and vicariously
9 disqualified the law firm of Newman & Newman, on the basis that Newman formerly
10 represented Perry in a matter substantially related to this lawsuit. In its Order, the
11 Court expressly elected to not consider the relationship between Newman and Sparknet
12 at the time of Newman’s former representation of Perry. Instead, the Court applied the
13 substantial relationship test and concluded the current matter is substantially related to
14 the former representation, thus requiring disqualification.

15 But, Newman’s former representation of Perry was a joint representation in
16 which Newman also represented Sparknet. Under Ninth Circuit law, the substantial
17 relationship test does not apply where a former client has no reason to believe its
18 information will *not* be shared with the other jointly-represented party. Given that
19 Newman’s former representation of Perry was a joint representation of Perry and
20 Sparknet for the express purpose of sharing information, Sparknet requests that this
21 Court reconsider its Order and deny Perry’s Motion to Disqualify.

22 In the alternative, should the Court deny SparkNet’s request for reconsideration,
23 SparkNet requests that the Court certify its order of denial for immediate appeal under
24 28 U.S.C. § 1292(b).

25 **II. STATEMENT OF FACTS**

26 Perry and Sparknet agree that Newman’s prior representation of Perry was
27 limited to Newman’s joint representation of both Perry and Sparknet in previous
28 litigation involving the trademarks in which both Perry and SparkNet held a pecuniary

1 interest (the “Jack Marks”): “Perry and [Sparknet’s predecessor] together sued alleged
2 infringers of the PLAYING WHAT WE WANT mark. Newman represented both
3 Perry and [Sparknet’s predecessor]”. (Motion to Disqualify at 5). Perry further
4 explains that his relationship with Newman was for the purpose of enforcing the marks
5 in which both Perry and SparkNet had a financial interest. Perry explains that he
6 signed a “Common/Joint Interest, Information Sharing and Confidentiality Agreement”
7 (the “Information Sharing Agreement”) for the purpose of permitting “the co-plaintiffs
8 Perry and [SparkNet’s predecessor] to share information.” (Motion to Disqualify at 5).

9 The Information Sharing Agreement Perry signed specifically provided that the
10 purpose of Newman’s joint representation was to facilitate sharing confidential
11 information between Perry and Sparknet’s predecessor relating to litigation enforcing
12 the Jack Marks:

13 WHEREAS, the Clients are similarly situated in that they each have
14 strong interests in the protection and enforcement of the Marks;

15 WHEREAS, the Clients believe that infringement of the Marks will result
16 in significant harm to their interests;

17 WHEREAS, the Clients wish to seek advice and counsel from the
18 Attorneys collectively in connection with the protection and enforcement
19 of the Marks, including any claims against Fisher (collectively the
“Disputes”);

20 WHEREAS, the Clients and their respective Attorneys hold confidential
21 information and analysis, and will continue to acquire confidential
22 information and analysis, that is and will be useful to the Clients and to
the Attorneys in their effort to stop infringement of the Marks;

23 WHEREAS, the Clients believe that the sharing of such information is
24 necessary to the requests for, and rendering of legal advice to, the Clients;
and

25 **WHEREAS, the Parties would like to freely share information with**
26 **one another without breaking attorney-client privilege, work product**
27 **immunity, joint defense privilege, joint defense doctrine, pooled**
28 **information doctrine, common interest rule, or any other applicable**
privilege or immunity related thereto.

(Declaration of Robert Perry, filed May 7, 2009, at Ex 7.) (emphasis added).

1 Furthermore, Perry and his attorney shared information relating to the Jack
2 Marks directly with SparkNet's principal: "Perry and his primary counsel, Jeffrey
3 Noguee, at Perry's direction, have supplied information and documents to Newman and
4 to Perry's co-plaintiff, SparkNet, via its principal Patrick Bohn, regarding
5 infringements and infringers, the licensing of the Jack Marks, and litigation strategy."
6 (Motion to Disqualify at 7).

7 Finally, Perry acknowledges that his "longest and most in-depth conversation"
8 involving Newman occurred during a conference call when he discussed the relative
9 strengths and weaknesses of the claims and defenses against various third parties.
10 (Perry Decl. at p. 4). But Perry admits that the attendees to that conference included
11 Pat Bohn, Garry Wall, and SparkNet's corporate counsel. (*Id.*) Garry Wall and Pat
12 Bohn were, and remain, the principals involved with SparkNet. (*Id.*)

13 In the context of Newman's former joint representation of Perry and Sparknet,
14 Perry could not reasonably have believed that information provided to Newman would
15 *not* have been shared with Sparknet. Rather, sharing Perry's information with
16 SparkNet was a primary purpose of that joint representation.

17 **III. ARGUMENT**

18 A. Disqualification Is Not Appropriate Where the Previous Representation 19 Was a Joint Representation Involving the Current and Former Client.

20 The Court noted in its Order that it did not consider the nature of the relationship
21 between Sparknet and Perry "because the issue is Newman's relation to Defendant, not
22 to Plaintiff". (Order, n. 2). However, under established Ninth Circuit precedent,
23 Newman's relationship to Plaintiff Sparknet at the time of Newman's former
24 representation of Defendant Perry has legal significance and requires a different
25 outcome.

26 This Court applied the "substantial relationship" test prescribed by the Rules of
27 Professional Conduct of the State Bar of California in determining whether to
28 disqualify Newman. (Order at 2). But, in the Ninth Circuit, the substantial relationship

1 test is “inapplicable when the former client has no reason to believe that information
2 given to counsel will not be disclosed to the firm’s current client.” *Christensen v.*
3 *United States Dist. Court for Cent. Dist.*, 844 F. 2d 694, 698 (9th Cir. 1988).

4 In *Christensen*, the Ninth Circuit vacated an order issued by the Central District
5 of California that improperly disqualified a law firm that had previously represented
6 the adverse party. The law firm in that case, Wyman, and a Wyman partner,
7 Christensen, originally represented a management group, Amir, that took over a
8 corporation, BHSL. *Id.* During the period in which the management group controlled
9 BHSL, Christensen served as a director of BHSL. *Id.* BHSL entered bankruptcy and
10 the receiver sued Amir and Christensen on BHSL’s behalf. Wyman then appeared on
11 behalf of both Amir and Christensen. *Id.* The district court disqualified Wyman from
12 representing either Amir or Christensen on the grounds that Wyman had previously
13 represented BHSL and was therefore barred from representing another client in a
14 position adverse to BHSL. The Ninth Circuit disagreed and held that Christensen
15 already “has access to any confidences previously revealed by BHSL [and that]
16 [d]isqualification would thus be futile in terms of furthering the purpose of the rule.”
17 *Id.* Accordingly, “[d]ue to the unique relationship between BHSL, Christensen, and
18 Wyman, there are no BHSL ‘confidences’ that could be inappropriately disclosed by
19 Wyman to Christensen.” *Christensen*, 844 F.2d at 699.

20 Similarly here, Perry knew that whatever information was provided to Newman
21 (assuming such information existed) would be disclosed to Sparknet. The record is
22 clear that Newman’s prior representation of Perry occurred in a joint representation in
23 which Newman represented both Sparknet and Perry in litigation relating to the Jack
24 Marks. Under *Christensen*, the substantial relationship test is inapplicable because
25 Perry has no reason to believe that any information he provided to Newman would not
26 have been disclosed to Sparknet. In fact, one of the principal purposes of that joint
27 representation was to facilitate the sharing of information between Perry and Sparknet.
28 As in *Christensen*, Perry has no confidences that Newman could inappropriately

1 disclose to SparkNet. Perry's Motion to Disqualify Newman is not an attempt to
 2 enforce the California Rules of Professional Conduct but, rather, an improper attempt
 3 to deprive SparkNet of its long time counsel as a means of gaining an advantage in
 4 litigation.

5 B. In the Alternative, this Court Should Certify Its Disqualification of
 6 Newman for Immediate Appeal.

7 If the Court decides to not disturb its Order disqualifying Newman as SparkNet's
 8 counsel, SparkNet respectfully requests the Court enter an order certifying this issue
 9 for immediate appeal.

10 28 U.S.C. § 1292(b) permits this Court to certify an issue for immediate appeal
 11 if it involves a "controlling question of law" and an immediate appeal "may materially
 12 advance ultimate termination of the litigation". *Cole v. United States Dist. Court for*
 13 *the Dist. of Idaho*, 366 F.3d 813, 817 (9th Cir. 2004). Admittedly, whether an order
 14 granting attorney disqualification is certifiable under 28 U.S.C. § 1292(b) is not
 15 entirely clear in the Ninth Circuit. The *Christensen* court did not reach the issue:¹

16 This court has not decided whether certification under 28 U.S.C. 1292(b)
 17 is an appropriate means of reviewing an order granting disqualification.
 18 *Cf. Shurance v. Planning Control Int'l, Inc.*, 839 F.2d 1347 (9th Cir.
 19 1988) (order denying disqualification does not meet requirements of
 20 1292(b)). In *Richardson*, the Supreme Court in dicta noted that
 certification may be appropriate. 472 U.S. at 435. We need not reach this
 issue because the district court here refused to certify the order.

21 844 F.2d at 697. A more recent Ninth Circuit decision, *Cole*, also did not reach the
 22 issue but merely noted that a district court in the Second Circuit had determined
 23 certification was not proper in connection with an order granting disqualification. *Cole*
 24 *v. U.S. Dist. Court for Dist. of Idaho*, 366 F.3d 813, 817 (9th Cir. 2004) (citing, but not

25
 26 ¹ The *Christensen* court did not need to review the district court's denial of
 27 certification to resolve the issue before it, but noted that an order disqualifying counsel
 28 coupled with a subsequent denial of certification on that issue provided grounds for
 mandamus relief. 844 F.2d at 697. The *Christensen* court subsequently reversed the
 lower court's decision. *Id.*

1 quoting or discussing, *Genentech, Inc. v. Novo Nordisk A/S*, 907 F. Supp. 97 (S.D.N.Y.
2 1995)).

3 In contrast, other courts have held that an order granting attorney disqualification
4 is properly certifiable under Section 1292(b). In *E. F. Hutton & Co. v. Brown*, the
5 court determined that certification of an order of disqualification was appropriate
6 because the disqualified attorney in that case had substantial experience with the
7 underlying facts and any replacement counsel would likely require more discovery and
8 retard the advancement of the case. *E.F. Hutton*, 305 F. Supp. 371, 403 (S.D. Tex.
9 1969). Additionally, the *Christensen* court observed that the Supreme Court has noted,
10 albeit in dicta, that certification may be appropriate in connection with an order of
11 attorney disqualification. *Christensen*, 844 F.2d at 697, n. 4 citing *Richardson-Merrell*
12 *Inc. v. Koller*, 472 U.S. 424, 435, 86 L. Ed. 2d 340, 105 S. Ct. 2757 (1985). As the
13 Court has no doubt garnered, there is a long history between SparkNet and Perry.
14 Accordingly, certification is appropriate here because the substitution of any other
15 counsel for Newman will necessarily mean replacing SparkNet's counsel with an
16 attorney much less familiar with the history of the individuals and facts relevant to the
17 speedy judicial determination or settlement of this lawsuit.

18 //

19 //

1 **IV. CONCLUSION**

2 Perry's earlier representation by Newman was part of a joint representation in
3 which Newman also represented SparkNet. This Court's Order expressly did not
4 consider the legal significance of Newman's relationship with SparkNet at the time he
5 formerly represented Perry. Under established Ninth Circuit law, Perry is assumed to
6 have been aware that any confidential information shared with Newman would have
7 been shared with Sparknet. Therefore, the Court should reconsider its Order and deny
8 Perry's Motion to Disqualify, or in the alternative, the Court should certify this issue
9 for immediate appeal to the Ninth Circuit Court of Appeals under 28 U.S.C. § 1292(b).

10 DATED: July 28, 2009

WILLENKEN WILSON LOH & LIEB LLP

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12
13 By: /s William A. Delgado.
14 William A. Delgado
15 Attorney for Plaintiffs
16 SparkNet Holdings, Inc. and SparkNet
17 Communications, L.P.
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CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the Electronic Service List for this Case.

Respectfully submitted this 28th day of July 2009.

DATED: July 28, 2009

WILLENKEN WILSON LOH & LIEB LLP

By: /s/ William A. Delgado.
William A. Delgado
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SparkNet Holdings, Inc. and SparkNet
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